

Case study on rondell data corporation



The Growth of Rondell Rondell Data Corporation was founded in 1920 by Bob Rondell.

Its inception was based on Rondell's invention of several electrical testing devices. During the 60's the company had increased its business to include data transmission equipment. Rondell data Corporation had a reputation of being a source of high quality innovative designs. By 1978 they had two major lines known as Broadcast Equipment and Data Transmission, with broadcast equipment accounting for 35% of the company sales, and Data transmission blossoming with increased demand for highly specialized and innovative designs. Sources of Conflicts The conflicts in Rondell started gradually as a result of increase in disputes between research, engineering sales, and production staff over the last few years. The disputes seem to center on the problem of new product introduction, and are focused on the engineering department.

There were communication issues between departments and upper Management. Rondell's outdated organizational structure contributed also to the conflicts. The structure in Rondell follows a strictly functional approach. Rondell also lacks the cohesive and clearly organized structure required of a large company. As the company was growing, the different departments were also growing, but at different rates and interactions were changing disproportionately. The engineering, research and development departments bore the brunt of this irregular expansion, because the workforce for the engineering department is distributed among other departments.

This leaves them without a clear mission or purpose and the chain of command is therefore unknown. For instance the engineering services are bogged down by the details of managing its disparate components and employees instead of increasing the product line under their direction. The Organizational Design at Rondell The organizational structure in Rondell was based on several beliefs, such as length of employment which is the basis for selection of key individuals. There was no formal structure and there was little regards for hierarchy. Each department was required to take care of its members regardless of the impact it may have on the organization. Rondell has a very close family tradition, yet the culture of uncooperativeness still exists among its different departments.

It is noted that the firm had experienced a number of disputes between research, engineering, sales, and production people, and each department had blamed the other for Rondell's decline in profitability. When Rondell was founded in 1920 as Rondell Equipment Co. , the Organization's values based on tradition of " a long-standing reputation as a source of high-quality, innovative design" led to an elitist mentality. Rondell's employees boasted that they were the best and performed so well because of the family spirit within the old organization.

This traditional Elitist model made it hard for the organization to adapt to growth and rapid change. According to (Reimann & Wiener, 1988) " The real test of the effectiveness of a corporate culture comes when the organization's environment changes. Sometimes a strong culture can be like a millstone around the neck of a firm that is trying to respond to environmental changes". As the Company grew and added second

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generation employees, a more formalized structure was needed. The strong “family” culture had become dysfunctional, giving way to divergent subcultures. Recommended Design Changes According to Cook, Hunsaker & Coffey, 1997, p.

87. Rondell has a typical organization by function. This structure works best in a company with few and similar products, but depends on managerial control and coordination. This is because all functions are working toward the same goal which is- develop, build, and ship the product. In addition this design is most effective when departmental tasks are relatively independent of each other. Basically this design is best suited to encourage specialization.

Another issue meant to be addressed is the fact that the entire performance system enabled, and indeed seemed to encourage individuals to see their own performance as separable from the enterprise as a whole. Below are my recommendations:

- Rondell should make strong emphasis on Team building, Team participation, and decision making.
- A cross-functional approach should be taken to accomplish key company tasks such as new product development. Retain the services of a qualified consulting team to help the management team
- An organizational design process should be initiated to determine the best organizational structure for the company.

- Engineering services should add a project management function to aid the team in coordination, planning, and monitoring the project process.

References 1. Curtis W. Cook, Philip L. Hunsaker & Robert E.

Coffey, (1997, p. 87): Management and Organizational behavior 2nd edition.

2. Reimann, B. C. & Wiener, Y.

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